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to PRC
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Presentation to PRC on ERA FY '60 Research Program

The program as a whole reflects the increasing pressures and priorities generated by the cold war. The latter, which is a clearly recognized national danger, is being increasingly fought in the economic field. ORR, with the major share of the community's intelligence analysts dealing with the Sino-Soviet Bloc, must be responsive to the developing Bloc offensive. This requires research not only on current Bloc programs, but also on future capabilities and probable courses of action.

What we have discussed so far can be termed the "must program." The remaining projects scheduled, representing 30 percent of available man-hours, are undertaken at the initiative of ERA/ORR. In general, they are a reflection of consumer-oriented focus of our research. They are of three types:

1. Studies primarily undertaken to improve the quality of future NIE's, such as our work on GNP and industrial production. We now are at the point where we are putting together the results of several years of study to provide reliable estimates of the size and rate of growth of the USSR which we believe will stand up under the most careful scrutiny of the nation's top academic experts.
2. Studies which will fill community-identified priority intelligence gaps, such as those on military programs.

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- 2 -

ORR has pioneered in the study of the over-all cost and economic impact of the military activities of the USSR and is currently in the middle of a program involving the preparation of definitive studies on selective aspects of this problem such as military manpower, military pay, the scope of the announced "defense" appropriation, etc.

Considerable research effort is being devoted to locating guided missile production and deployment sites and assessing the economic resources being devoted to missile and space programs in the Sino-Soviet Bloc. This effort is being carried not only by the Guided Missile Branch, but also by a large number of other ERA components which have the responsibility for research on related aspects of the guided missile program such as electronics, construction, fuels, chemicals, etc.

3. Studies to provide analyses of economic questions which seem likely to become of national intelligence significance during the coming year, such as the project on gold reserves of the Sino-Soviet Bloc.

About a year ago, our proposed FY 1959 research program was reviewed by a special panel of consultants, who were not only substantively competent but also familiar with the work of CIA. In its report the panel commented favorably on the relevance of the research program to the CIA. The panel suggested the addition of

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- 3 -

studies oriented toward analysis of the long-range future of the Soviet economy. During FY 1959 research was carried out by the ERA on several major projects which are basic to such an analysis: the role of the raw materials and energy base in Soviet economic growth; the policies, performance and prospects for Soviet agriculture, the Soviet housing problem, and the consumer goods industries of the USSR.

Additional basic studies will be initiated in the research program for FY 1960. These include particularly a study relating energy costs to the economic production of nuclear power in the USSR, the role of the Soviet machine building industry, studies on several aspects of Soviet transportation and long-range construction plans and prospects. The long-range prospects of the economy of Communist China will also be the subject of scrutiny in FY 1960 with studies being initiated on the effect of the water conservancy program on agricultural production, and on the potential of technological innovations in the machine building industry and in construction.

In addition to conducting the program of research presented herein, ERA monitors a number of research projects conducted by outside contractors. These projects are planned to support and to supplement the research being undertaken by various branches of ERA. They include continuing projects to provide detailed data on the population and the labor force in the USSR and the

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- 4 -

European Satellites, to develop and analyze national product accounts for several of the European Satellites, and to study the economic criteria for establishing nuclear power plants.

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